

# Special and Incentive Pay



out of joint

Fleet Combat Command Group, Pacific (A.J. Gabola)

## Sailing Away from Jointness

By DREW A. BENNETT

**T**wo officers walk toward their F-18s. Both are squadron commanders of equal rank with similar responsibilities. Both have sworn to defend the Nation and deserve equal pay for equal work. They eat, sleep, and live on the same carrier, enduring similar hardships at sea. Yet one receives responsibility pay and the other does not. One is a naval officer and the other is a marine.

Navy compensation is a patchwork of programs, a product of the unique relationship between the military and society as well as fluid economic pressure. However, despite changes in the Armed Forces brought about by jointness, the end of the Cold War, the drawdown in strength,

the threefold growth in operational deployment, and the global war on terrorism, compensation has remained stagnant for decades. Special and incentive pay highlights the demand for a new system. Though each service has anomalies and inequities, the use by the Navy of sea pay, submarine pay, and responsibility pay needs an overhaul. This pay undermines jointness.

Military pay needs a complete review. Special and incentive pay works against the military ethic. The services should limit its use to reinforcing the concept of jointness. Moreover, if operational requirements prevent such changes, the services should adopt a common standard.

### The Relevant History

Military pay has been controversial since the Revolution when George Washington argued the issue with the Continental Congress. Other than the period from 1870 to 1922, when officers received salaries, the compensation system has

---

**Colonel Drew A. Bennett, USMC, is commander of 4<sup>th</sup> Marine Regiment and formerly served as deputy director of the Operations Division, Office of the Deputy Commandant for Plans, Policy, and Operations, at Headquarters, U.S. Marine Corps.**

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE <b>2002</b>		2. REPORT TYPE		3. DATES COVERED <b>00-00-2002 to 00-00-2002</b>	
4. TITLE AND SUBTITLE <b>Special and Incentive Pay. Sailing Away from Jointness</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>National Defense University, Institute for National Strategic Studies, 260 Fifth Avenue SW Bg 64 Fort Lesley J. McNair, Washington, DC, 20319</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT <b>Same as Report (SAR)</b>	18. NUMBER OF PAGES <b>5</b>	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			



Joint Combat Camera Center (Scott M. Ash)

Mass reenlistment at the White House.

been composed of pay plus allowances. Designed for a cadre-type force made up of relatively unskilled single men, it offered subsistence, uniforms, and accommodations to augment low pay. Commissaries and exchanges were provided because of the isolation of military installations.

Like the Nation and the military itself, the compensation system has undergone change in the last two centuries. The evolution has not always been smooth. The Armed Forces have experienced complete policy reversals and radical alterations in pay. One reversal was the concept of additional pay for going to sea. In contrast to the current system, which rewards sea duty under certain criteria, for 75 years beginning in 1835, Navy officers who were not serving at sea received up to 15 percent less than Army officers since they were considered to be performing at less than capacity. Although

the general trend has been to increase pay with inflation, military pay has often stagnated for long periods, subsequently requiring sharp increases. In 1917, Congress authorized a 100 percent increase in the pay of privates to provide the minimum standard of living at that time. In addition, pay rates have not always gone up. During the depression in the 1930s, the President acted to reduce Federal spending by ordering a 15-percent cut in military pay.

Popular beliefs about the size and quality of the military also have significantly influenced the pay system. Monetary incentives to join or stay on active duty were less necessary in times of compulsory service. In 1947, after the United States began to demobilize following World War II, Congress established the Hook Commission to

examine military pay and allowances. Based on its commission recommendations, the Career Compensation Act of 1949 was passed, the first major change in the pay system in forty years. This law provided an 18.8 percent raise in military pay to bring it in line with industrial wages, and tied pay to rank and length of service and utilized special remuneration, incentive pay, and reenlistment bonuses. During the Cold War, citizen-soldiers and demobilization did not come into play because the Nation maintained a standing military. Another change occurred when the draft ended in 1973 as the United States withdrew from Vietnam. In the early 1980s, Congress passed two pay raises, a total increase of 25 percent, in order to recruit and retain the quality personnel necessary for the all-volunteer force.

Military compensation facilitates efforts to recruit, retain, and motivate an adequate number of qualified personnel to maintain a large, all-volunteer, highly technical joint force at a reasonable cost in peace or war. Economic studies generally concentrate on maximizing efforts to recruit and retain servicemembers in relation to national rates of employment and compensation. Such studies rarely examine the quality, morale, or professionalism of the personnel. Because of the evolution of the pay system, the nature of the military as an institution, and the role of the Armed Forces in society, it is hard to reduce the system to a simple labor issue. First, there are many constraints on the highly regulated military labor market, and wages alone do not bring supply and demand into balance. Second, quality, morale, and professionalism cannot be quantified.

Economic factors alone do not explain the ability to meet recruitment and retention goals. For example, between 1990 and 2001, the service which had the relatively highest recruitment and retention goals, namely the Marine Corps, was the only one that consistently achieved its goals and did so with the second highest number of high school graduates. Even more significant in terms of economic aspects, the Marines had the smallest budget for enlistment bonuses.

### Current Inducements

Special and incentive pay compensates for hazardous duties or for enlistment, reenlistment, or duty in certain career fields. Each service manages such pay based on its needs and consistent with Federal law and DOD guidance. There are approximately sixty such forms of payment.

In some cases, special and incentive pay is compensation for highly trained and specialized personnel who are attracted to the civilian job market, such as aviators, doctors, and nuclear

**economic factors alone do not explain the ability to meet recruitment and retention goals**





Naval Submarine Support Facility (Nicole Hawley)

**USS Dallas departing for extended deployment.**

power officers. Another use is compensation for dangerous circumstances—so-called hazardous duty pay. Such cases include parachute, demolition, and flight deck duties.

*Career sea pay.* History provides a vehicle for examining certain special and incentive pay starting with career sea pay, which is designed to compensate for the extra hazard and hardship of sea duty and encourage reenlistment. Proponents claim it is necessary to recompense personnel for

low pay and duty that separates them from their families. While sea pay is available to all services, sailors acquire more because it is based on time assigned to a ship, not deployment at sea. Career sea pay increases for every year of sea duty and ranges from \$50 to \$620 per month. About a third of naval personnel serve in billets that qualify.

A major fault of sea pay is that it discriminates against embarked troops from other services who despite serving on board ships for extended periods are not assigned. In general, these personnel who are embarked for periods of training or operations at sea deploy for no longer than six months. Unlike the crews of ships, embarked troops do not serve on board when vessels are home ported or undergoing repairs in dry dock. A sailor can be assigned to a ship and qualify for a higher rate of career sea pay even though his vessel spends under six months at sea during that period. Under these circumstances, naval personnel may spend the majority of the time living off their ships. At the same time, embarked troops on other vessels will receive sea pay at a lower rate even though they actually experience hazard, separation, and hardship.

Moreover, sea pay fails to recognize personnel in other services who serve in hazardous or arduous conditions or away from their families. During unaccompanied tours, an airman loading ordnance on a flight line in Saudi Arabia, a soldier patrolling in South Korea, or a marine conducting live fire training on Okinawa all experience the same hazard and separation as a sailor on sea duty. Yet there is no comparable “field duty” pay. Sea pay is even more divisive when the sailors drawing it are in administrative billets aboard a ship or join their families because the assigned ship is in homeport. Sea duty in an “afloat billet” does not necessarily mean duty at sea, hazardous duty, or family separation, and even when it does, it is not more arduous than the duties personnel from other services perform without equivalent compensation.

*Submarine pay.* The purpose of submarine pay, like sea pay, is attracting volunteers. It is provided in addition to sea pay, implying that it is more difficult to recruit and retain personnel for submarine duty as well as more dangerous. Classified as incentive pay, it falls into two categories, operational and continuous. The former goes to personnel not receiving continuous submarine pay as long as they serve on a submarine, regardless of duties; the latter is paid to those who either are undergoing training for or already hold a submarine duty designator and remain in such service on a career basis. Those receiving payments must meet certain gates to verify duty in

## providing responsibility pay to commanders deployed at sea degrades the promotion system

the submarine force and serve at least 6 of the first 12 years and 10 of the first 18 assigned to submarines. When a gate is not met, continuous pay stops, but an individual is not required to repay the amount previously imbursement. Personnel can receive continuous pay to the 26<sup>th</sup> year of service regardless of duty on submarines. Pay-

ment varies with rank and length of service, ranging from \$75 to \$595 per month. It is also worth noting that all U.S. submarines are nuclear powered and

that qualified submarine officers, as indicated in the discussion of special and incentive pay, receive a significant amount in the form of nuclear accession bonuses, continuation pay, and annual incentive bonuses. These payments are distinct from submarine pay.

One problem with submarine pay is hazardous duty. While the early decades of submarine service were extremely dangerous, it has been relatively safe for 30 years. Without demeaning the courage of sailors who dive beneath the seas, they are no braver than many other servicemembers who risk their lives in peacetime training without added compensation. Indeed, those who serve on submarines incur fewer risks than many other specialties, according to fatality statistics. From 1991 to 2000, there were no reported operational fatalities in submarines while each year ground, surface, and air personnel of all services sustained numerous fatalities.

Another problem is hardship. Although submarine duty unquestionably involves hardship because of separation and living and working conditions, it does not impose greater hardships than service elsewhere. How does one compare conditions aboard a modern submarine with deserts in summer, mountains in winter, or jungles in monsoon rains? What suggests more hardship to personnel, working in the climate-controlled environment of a submarine or operating under substandard

conditions in the field while performing physically demanding and risky tasks? In addition, arguments for hazardous and hardship compensation fails because, like sea pay, crews receive operational submarine pay when their boats are

in homeport or dry dock and not subject to danger or separation. Unlike sea pay, personnel receive continuous submarine pay even when they are not assigned to a submarine and not exposed to hazards or hardships.

**Responsibility pay.** Compensation is also paid for serving in billets that carry significantly increased responsibilities. Congress authorized responsibility or command pay despite requests in 1963 by the Pentagon to discontinue it. Responsibility pay is a permissive measure, and the Navy and Coast Guard are the only two services that use it. Since 1980, this pay has been provided to officers who command ships and aircraft squadrons at sea. The amount ranges from \$50 to \$150 per month, depending on rank.

Providing responsibility pay to commanders deployed at sea degrades the promotion system because responsibility is a function of rank. Ship and squadron commanders are selected by a competitive process, like commanders of units in other services, and command is a reward in and of itself that increases the chance of future promotion. In addition, responsibility pay for commanders of ships or squadrons at sea gives the appearance of rewarding the care of equipment over personnel, since other commanders go without such rewards even when responsible for larger numbers of people.

## Fair Is Fair

Although an argument can be made for offering more pay to highly trained and specialized military personnel whose skills are competitive in the civilian marketplace, for recruiting and retaining servicemembers, and for compensating individuals who face hazardous duty, the rationales for sea, submarine, and responsibility pay do not meet such criteria. Unlike the job markets for aviators, doctors, and nuclear power personnel, there is no particular civilian labor market that is generating disproportionate demands for seagoing officers and crew members over other military specialties. Moreover, while there are needs for sailors to fill seagoing billets, every service has manpower requirements. This is why the Armed Forces use recruiting and reenlistment bonuses. Added funding in the form of sea, submarine, and responsibility pay is not the optimal response to recruitment and retention problems. Further, though duty aboard ships and submarines is not risk free, it is not necessarily more hazardous than many other occupational specialties which do not warrant special compensation. For this reason, sea and submarine pay are not placed in the hazardous duty category.

Based on a typical career in the submarine force, a naval officer is entitled to \$21,780 in sea



U.S. Navy (Lewis Hunsaker)

Sailors assigned to USS Abraham Lincoln.



USS Essex (Gary B. Granger)

Marines training  
aboard USS Essex.

pay, \$119,160 in submarine pay, and \$2,400 in responsibility pay over a period of 20 years. It is impossible to explain to officers of other services with similar risks and responsibilities that their duties are worth some \$143,000 less than naval counterparts. And although amounts differ, and responsibility pay is not an issue, the same holds for enlisted personnel. Such policies are unfair.

### Some Remedies

It is time for a commission to review military compensation as the Hook Commission did in 1947. The compensation system has not changed significantly since the Armed Forces made the transition to an all-volunteer force. Not only has the environment changed in the intervening years, but the use of special and incentive pay has increased independent of an overall compensation policy. The current pay system should support and not hamper military professionalism, service culture, and the principle of equity.

The use of special and incentive pay by the Navy suggests that all the services should limit such compensation to reinforce the military ethic and jointness. Although the Armed Forces value leadership, and no one works without compensation, change is necessary. To recruit, retain, and reward personnel, the services must place emphasis on professionalism over economic incentives. The Navy should lead this overall effort by phasing out sea, submarine, and responsibility pay.

If the Navy cannot meet its operational requirements without special and incentive pay,

then compensation must be adjusted to provide for a more equitable joint system. A significant move in this direction occurred when the Secretary of the Navy extended sea pay to all ranks and eliminated the minimum eligibility requirement of three years sea duty. A further step would set the rate of sea or submarine pay by actual days afloat. Furthermore, submarine pay should be provided in lieu of sea pay, not in addition to it. Both should go to everyone on ships and submarines regardless of their status as embarked, temporary, or permanently assigned personnel and regardless of service. Instead of responsibility pay, the Navy should institute an entertainment expense account for field grade commands. Commanders would be reimbursed for an established amount in actual expenses incurred, similar to reimbursement for authorized travel.

Though the Navy dominates the special pay category, which does vary significantly among the services, there are many issues involving the other services. There are differences in flight pay, educational benefits, incentives for military lawyers, and enlistment and retention bonuses, to name only a few examples. When evaluated from a joint perspective, such discrepancies are potentially divisive and detract from military professionalism.

Despite the advantages of a separate military culture within each service, everyone who serves must be compensated fairly. Policies that rely too heavily on either special and incentive pay or produce a sense of relative deprivation undermine that ethic. This does not mean that one size fits all, but rather that policies must be equitable. They must not encourage resentment among personnel who perform functions that differ in character, not in importance. It is more critical not to discriminate among servicemembers who perform similar functions. Serving in the Navy should not yield greater rewards than duty in the Army, Marine Corps, or Air Force. Otherwise, we are sailing away from jointness and toward a discriminatory compensation system that will result in discord in the military.

JFQ